M/037/081

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SEP 18 2000
DIVISION OF
OIL, GAS AND MINING

State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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August 4, 2000

CERTIFIED RETURN RECEIPT
Z 230 748 226

Jerry Holiday
Holiday Construction Inc.
700 East Brown Canyon Road
P.O. Box 502
Blanding, Utah 84511

Re: Review of Third Submission, Notice of Intention to Commence Large Mining Operations, Holiday Construction Inc., Lime Ridge, M/037/081, San Juan County, Utah

Dear Mr. Holiday:

The Division has completed a review of your third submission received June 16, 2000, for your Notice of Intention to Commence Large Mining Operations for the Lime Ridge mine located on a state mineral lease in San Juan County, Utah. The submission included a copy of the Division's May 16, 2000 letter, with written comments included, three pages of responses to comments according to rule headings, one location map, one sketch of the surface facilities layout, and 13 Polaroid photos of the operation.

This submission provided some information requested by the Division; however, there are still a large number of deficiencies in this notice. A majority of the deficiencies are due to previous Division comments that have not been addressed adequately, or not addressed at all. The remaining review comments, which require a response, are listed below under the applicable Minerals Rule heading. Please format your response in a similar fashion. Please provide a response to this review within 30 days of your receipt of this letter.

Please be advised that the submission of a large mine operation notice of intention does not authorize you to expand operations beyond five acres. Small mine operations disturbing more than five acres are in violation of the Utah Mined Land Reclamation Act and the Minerals Rules.

M/037/081

R647-4-1-5 – Maps, Drawings & Photographs

105.2 Surface Facilities map

The surface facilities map submitted does not appear to include all disturbances associated with the site. A rough survey made by Division personnel on 4/21/94 indicated more disturbance in the area than what is shown on this latest map submitted. ***Please submit a map showing all areas currently affected by operations and areas proposed for future operations. Areas on you latest map shown as reclaimed, will need to be included on the revised map as disturbance since these areas have not bee formally released by the division.***

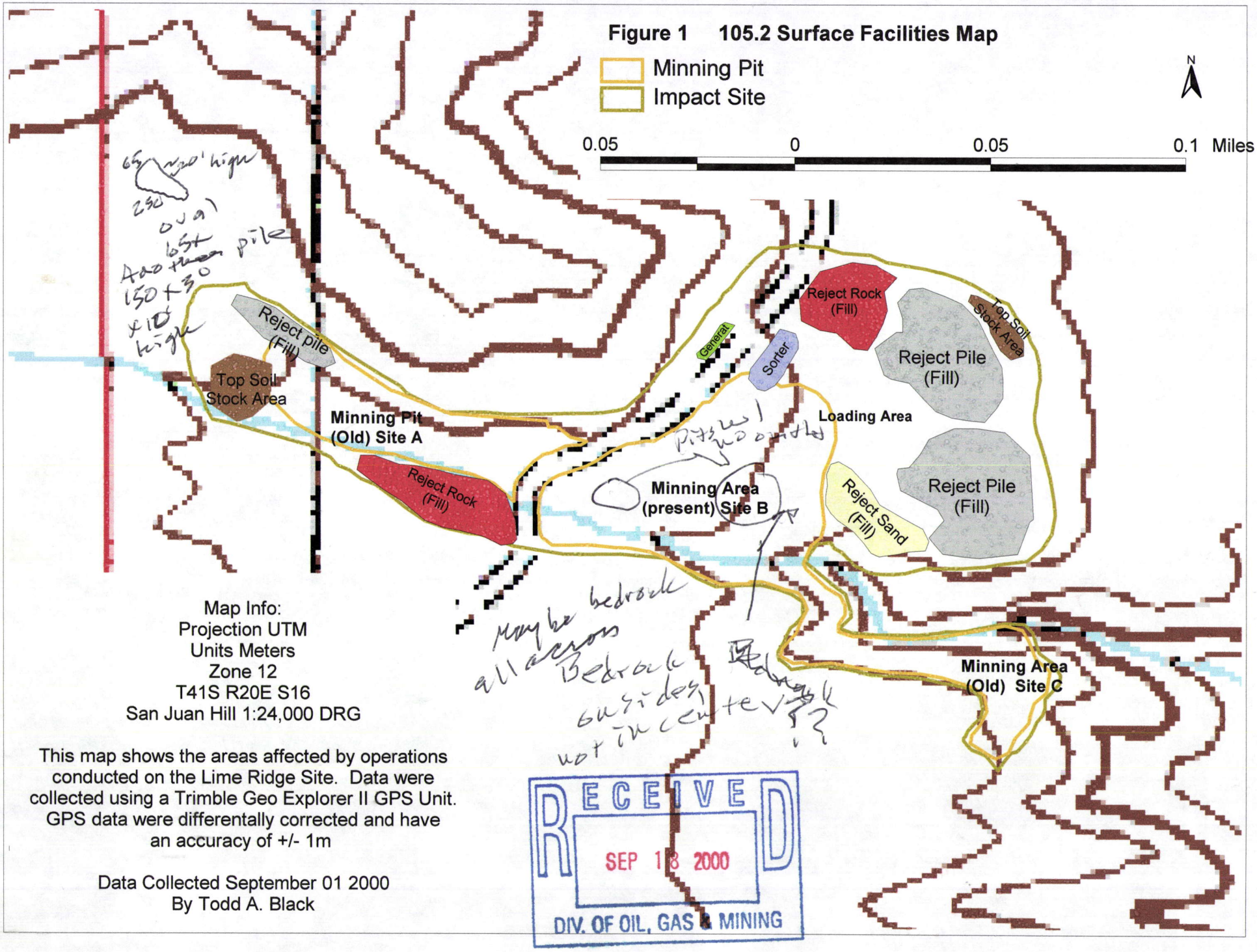
Figure 1 is a current (9-1-00) map showing all disturbances and activities conducted on the Lime Ridge Site. A Trimble Geo Explorer II Global Position System (GPS) was used to determine the area of the impact site and mining areas. These data were differentially corrected and the overall accuracy of these data is +/- 1meter. The total acreage of the site is 11.48 acres. Within this larger area there are three different mining sites, A, B, and C. Sites A and C are areas where past mining activities have taken place and site B is the area where present mining operations are taking place. The total linear acreage of these three sites is 4.59 acres. Mining operations are scheduled to be completed by 30 November 2000 and no future mining activities are planed at this time. For questions or further clarification please contact Todd Black @801-220-4305.

105.3 Drawings or Cross Sections (slopes, roads, pads, etc.)

Cross-sections requested in the Division's previous review letters were not contained in the outfitters report as stated in the response received June 16, 2000. ***Please submit one cross-section running north-south through the existing pit, one cross section running through the new proposed area, and two cross sections running east-west through the pit and stockpile areas, as requested in our previous letter.***

Figure 2 is a map showing cross sections selected at various points throughout the mining area to best represent current and past mining activities conducted on the Lime Ridge Site. On September 01, 2000, a Trimble Geo Explorer II Global Position System (GPS) was used to determine location and elevation (in meters) of each of the surveyed points. These data were differentially corrected and the overall accuracy of these data is +/- 1meter. Two cross sections were run from west to east for a total of 11 elevation points and three cross sections were run north and south for a total of 17 elevation points. For questions or further clarification please contact Todd Black @801-220-4305.

Figure 1 105.2 Surface Facilities Map



Map Info:
Projection UTM
Units Meters
Zone 12
T41S R20E S16
San Juan Hill 1:24,000 DRG

This map shows the areas affected by operations conducted on the Lime Ridge Site. Data were collected using a Trimble Geo Explorer II GPS Unit. GPS data were differentally corrected and have an accuracy of +/- 1m

Data Collected September 01 2000
By Todd A. Black

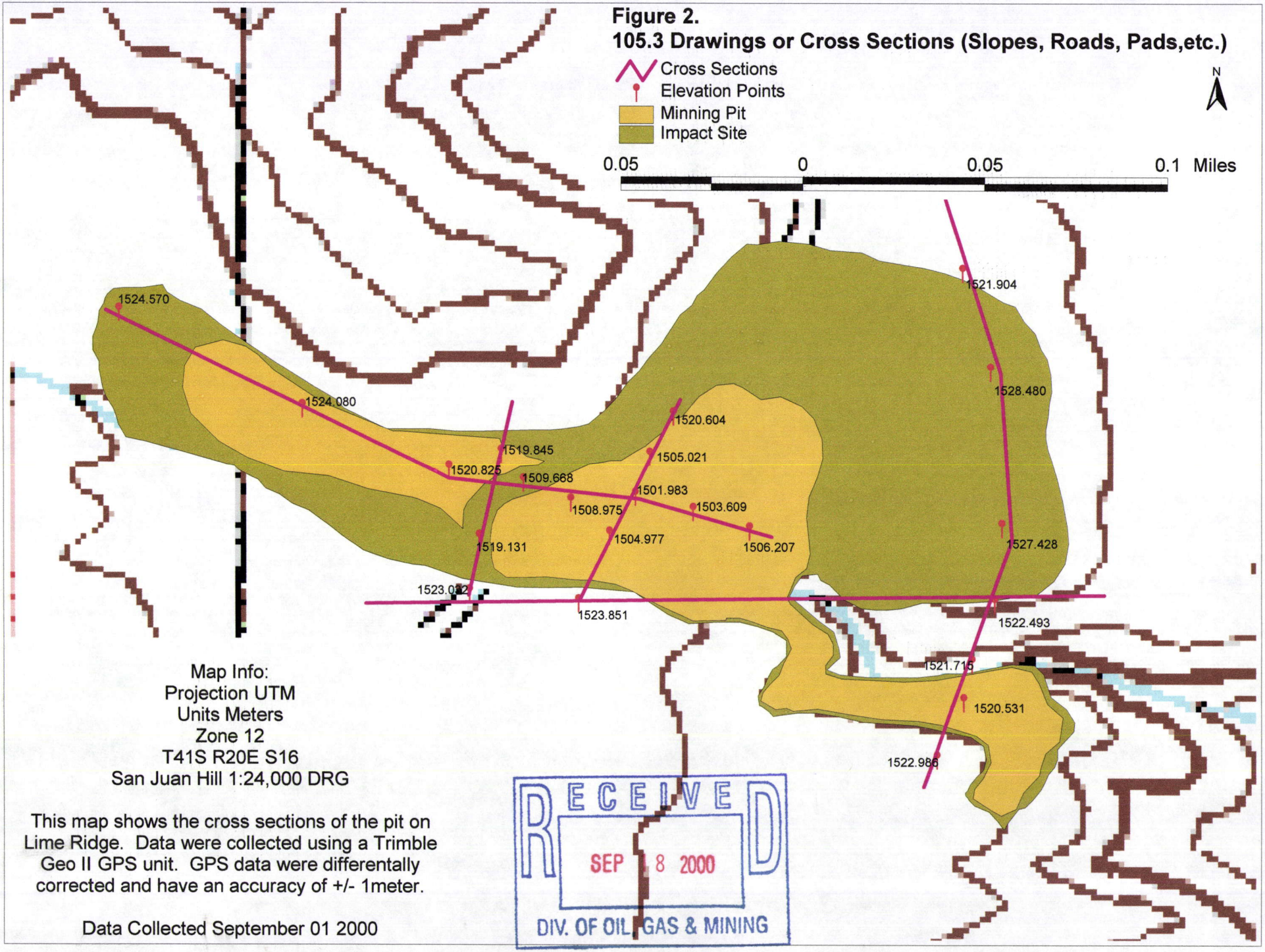


Figure 2.
105.3 Drawings or Cross Sections (Slopes, Roads, Pads,etc.)
Cross Sections
Elevation Points
Minning Pit
Impact Site
N
0.05 0 0.05 0.1 Miles
1524.570
1524.080
1519.845
1520.825
1509.668
1520.604
1505.021
1501.983
1508.975
1503.609
1519.131
1504.977
1506.207
1523.851
1521.904
1528.480
1527.428
1522.493
1521.715
1520.531
1522.986
Map Info:
Projection UTM
Units Meters
Zone 12
T41S R20E S16
San Juan Hill 1:24,000 DRG
This map shows the cross sections of the pit on Lime Ridge. Data were collected using a Trimble Geo II GPS unit. GPS data were differentally corrected and have an accuracy of +/- 1meter.
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R647-4-109 – Impact Assessment

109.2 Impacts to threatened & endangered wildlife/habitat

The June 16, 2000 submission refers to exhibit A as a response to the Division's review comments under this heading. This inclusion of a statement that no threatened and endangered species are present at the site requires qualification to support this statement. ***Please reference the clearance surveys performed for the existing mine site and proposed site as initially requested in the Division's April 10, 2000 letter. Please provide documentation of credentials for the company or individuals performing these surveys.***

The surveys to determine the presence of any T&E species of flora or fauna were conducted by Todd A. Black (Twin Peaks Outfitters). In his initial report Mr. Black states, **"from observations made during this assessment no threatened or endangered species of wildlife or plants were observed on the proposed impact site or the adjacent properties" surveyed. He further stated, "Whereas no T&E species were recorded during this period, an impact on any T&E species on the proposed impact site is unlikely to occur and a finding of no significant impact on any T&E species of flora or fauna can be implied"**. No where in his report did he state, "*no threatened and endangered species are present at the site*".

Mr. Black has BS from Brigham Young University in Wildlife Biology and a MS from Utah State University in GIS and Remote Sensing. He has conducted additional surveys and acted as an Environmental Consultant for other private consulting companies and has worked with the DWR and USFS in the state of Utah. Please find his resume attached with this document (attachment 2).

R647-4-106 – Operation Plan

106.5 Existing soil types, location, amount

The June 16, 2000 submission refers to an attachment in response to the Divisions comments regarding soil survey and soil analysis. No specific soil survey or soil analysis was contained in the June 16, 2000 attachments. ***Please provide the information as initially requested in the Division's April 10, 2000 letter.***

Soil samples were selected at 10 locations around the impact site. These soil samples were combined together and sent to Utah State University Soils Lab for analysis. This is done per request from the Division and per conversation with Todd A. Black on the 29th of August with DJ and AG. Soil will be analyzed as per the "Baseline Soils and Overburden" provided by the Division. Once data is analyzed a copy of these analysis will be sent to the Division for fertilizer recommendations during the reclamation process.

105.3 Drawings or Cross Sections (slopes, roads, pads, etc.)
A map titled "105.3 – Reclamation Map" was included in the May 12, 2000 submission; however, this map is based on the surface facilities map which does not appear to include all disturbances associated with this operation. In addition, this reclamation map does not include cross-hatching or color coding which indicates different reclamation treatments. The current map would indicate that all of the disturbed area would receive all of the reclamation treatments. ***Please provide a revised reclamation treatment map of the same scale as the revised surface facilities map requested above.***

R647-4-110 – Reclamation Plan

110.2 *The June 16, 2000 submission, states the whole pit is in a drainage area and there is no drainage problem.* ***Please describe the proposed plans for reclamation or restoration of the drainage patterns after mining ceases as requested in the Division's April 10, 2000 letter, or explain why these task are unnecessary.***

Figure 3 map shows areas to be reclaimed once mining operations are finished. The pits where material was removed (represented by horizontal crosshatches) will be filled with the reject material as stock piled on site and covered with a minimum of one inch of top soil, fertilized as needed (based upon soil analysis) and re-seeded with attached seed mix (attachment 1). Other areas (represented by vertical crosshatches) will be covered with a minimum of one inch of topsoil and re-seeded with same seed mix. The ephemeral stream, which runs through the pit, will be restored to as much as it can to its original flow direction. A colvert would be placed through the county road allowing water to flow under the road. One week prior to the September 01 visit a heavy rain was recorded in the area and rains actually filled up the pit (Figure 4). Holiday construction and consultant feel it may be a good to leave some sort of water catchment or pond in the existing pit. This would benefit wildlife and livestock in the area as the pond would fill upon receiving large amounts of precipitation. Once mining activities are complete this idea would need to be further evaluated to determine feasibility and practicality. Holiday Construction and Mr. Black would like to receive consultation with the Division upon completion of mining activities so that reclamation activities will meet all the needs and be suitable to the Division.

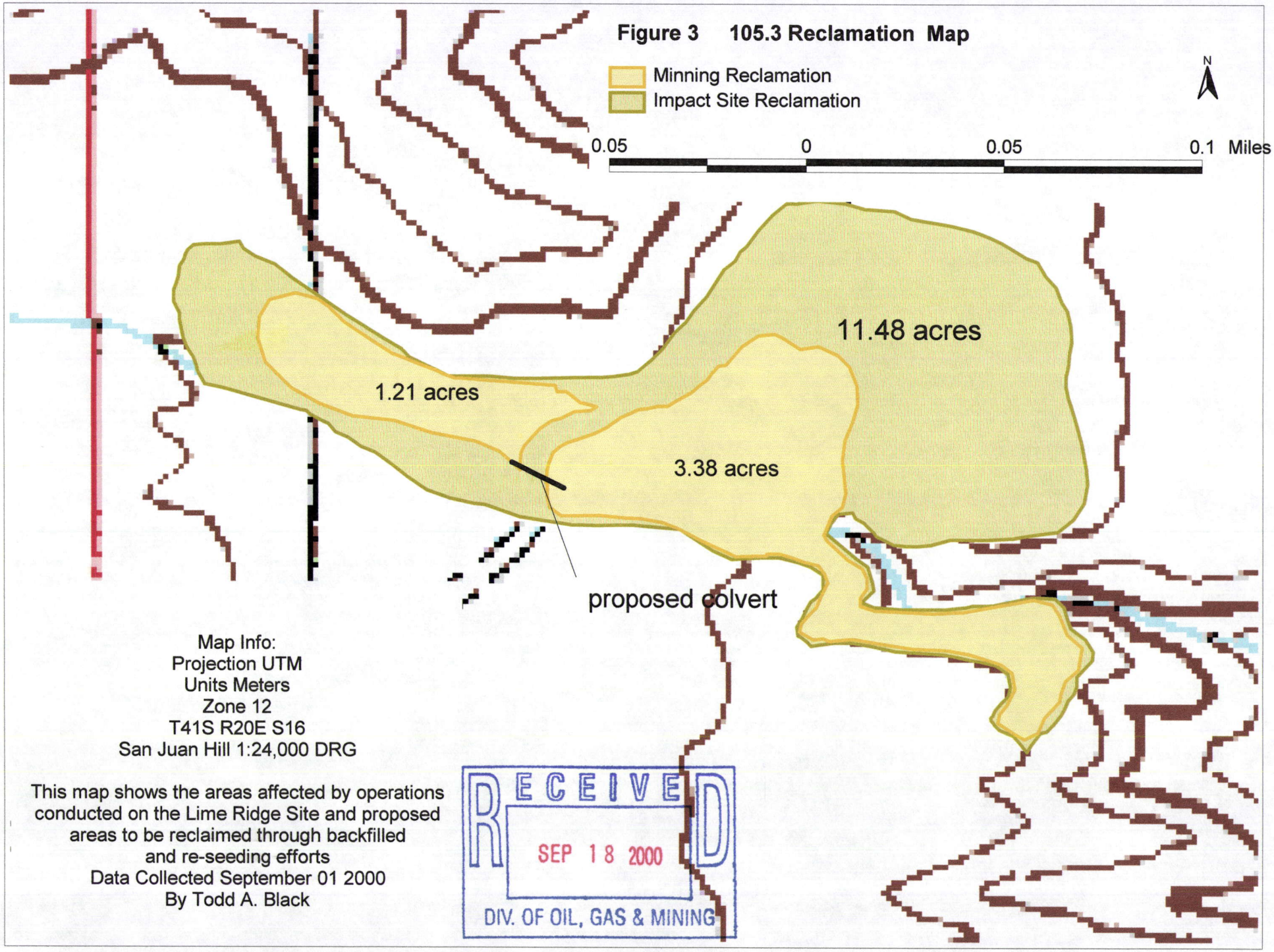
Figure 3 105.3 Reclamation Map
Minning Reclamation
Impact Site Reclamation
N
0.05 0 0.05 0.1 Miles
11.48 acres
1.21 acres
3.38 acres
proposed colvert
Map Info:
Projection UTM
Units Meters
Zone 12
T41S R20E S16
San Juan Hill 1:24,000 DRG
This map shows the areas affected by operations conducted on the Lime Ridge Site and proposed areas to be reclaimed through backfilled and re-seeding efforts
Data Collected September 01 2000
By Todd A. Black
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Figure 4. Picture shows current mining activities and water, which collected in mining pit after a previous heavy rain shower.

Attachment 1. Recommend seed mixture to be used in Lime Ridge reclamation efforts.

Common Name	Species	Rage lbs/acre
Luna pubescent wheat grass	Agropyron tricophorum	2.0
Indian ricegrass	Oryzopsis humenoides	4.0
Yellow sweetclover	melilotus officinalis	0.5
Palmer penstemon	Penstemon palmerii	1.0
Winter fat	Ceratoides lanata	0.5
Black sagebrush	Artemisia nova	1.0
Cliff Rose	Cowania mexicana	1.5
4-wing saltbrush	Atriplex canescens	1.0
Shadscale	Atriplex confertifolia	2.0
Forage Kochia	Kochia prostrata	1.0
	Total Seed	14.5/acre

R647-4-106 - Operation Plan

106.2 Type of operations conducted, mining method, processing etc.

1 - 980F Rubber Tire Loader
1 - 980C Rubber Tire Loader
1 - 966 Rubber Tire Loader
1 - Dae Woo excavator
1 - Hydraulic Hammer on Dae Woo
1 - Air Track Drill
1 - Rip Rap Machine w/ screen & feeder
2 - Delivery Belts
1 - Generator

Blasting lightly approximately 10 holes a week. Then we shoot lightly to make as big as rock as possible. We feed the rip rap machine with the 2 biggest loaders and use the little loader to stock pile the waste. We do approximately 200 to 250 ton a day.

106.6 Plan for protecting & redepositing soils

These measures are unnecessary because there is no danger to live stock or humans for it's in an isolated area. Would like to make arrangements with the San Juan County to try to sell to them to use for the roads in San Juan County.

106. Location & size of ore, waste, tailings, ponds

Some of the material will be used to reclaim with. The other material that can be used to sell for making roads with we will try to sell it to the San Juan County for future use. True we are going to use the 10,000 ton for reclamation at the end of this year for safety reasons. The over burden will be used to reclaim. All other material that can be used will be used to reclaim and it may exceed over 10,000 ton.

R647-4-107 - Operation Practices

107.1 Public safety & welfare

Using a berm. We have placed a berm along the road and a wall on the other side it's a single lane road.

R647-4-109 - Impact Assessment

109.4 Slope stability, erosion control, air quality, safety

We have talked to Susan with Air quality and she is working on this for us. See attached letter.

R647-4-110 - Reclamation Plan

110.1 Current & post mining land use

The contract we have with the Bureau of Reclamation should be finished by September 30, 2000. But we got an extension for November 30, 2000. We do have another contract with Navajo Engineer Contracting for 3500 ton for next year. Anything to do with Limestone we plan on bidding on and using the product out of this pit.

R647-4-111 - Reclamation Practices

111.1 Public safety & welfare

When we do high walls we plan on putting a berm to warn the public of the hazards.

111.7 Highwalls stabilized at 45 degrees or less

? There won't be enough material to fill the material back in but we will have highwalls back filled and it will be a neat and pleasant looking pit.